

CALIFORNIA MEDICAL ASSISTANCE COMMISSION

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**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113

Sacramento, CA

Minutes of Meeting

September 8, 2005

COMMISSIONERS PRESENT

Nancy E. McFadden, Chair
Marco Firebaugh
Diane M. Griffiths
Teresa P. Hughes
Vicki Marti
Lynn Schenk
Cathie Bennett Warner

CMAC STAFF PRESENT

J. Keith Berger, Executive Director
Enid Barnes
Theresa Bueno
Paul Cerles
Denise DeTrano
Holland Golec
Steve Soto
Michael Tagupa
Mervin Tamai
Carol Tate
Karen Thalhammer

EX-OFFICIO MEMBERS PRESENT

Bob Sands, Department of Finance
Stan Rosenstein, Department of Health Services

I. Call to Order

The September 8, 2005 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Chair Nancy E. McFadden. A quorum was present.

II. Approval of Minutes

The August 25, 2005 meeting minutes were approved as prepared by CMAC staff.

III. Executive Director's Report

Mr. Berger reported that there are two hospitals, Alta Bates Sutter Medical Center and Downey Regional Medical Center appearing before the Commission during today's closed session to discuss issues related to current negotiations.

Mr. Berger informed the Commissioners that there are six amendments for action during today's closed session as well as some updates and strategic discussions on current negotiations.

Mr. Berger stated that the key issue for public session today is the new 1115 demonstration waiver for hospital financing and uninsured care. He indicated that the 1115 waiver has been approved by Centers for Medicare & Medicaid Services (CMS) and state legislation has been drafted and introduced and is expected to pass within the next couple of days.

Mr. Berger indicated that Stan Rosenstein, Chief Deputy Director for DHS, is present today and has agreed to provide the Commission with an overview of the key issues and policy decisions.

Mr. Rosenstein reported that an agreement has been reached on the new 1115 waiver between the leadership of both parties. He stated that it has been a great bipartisan effort working with the hospitals, and that Keith Berger, Paul Cerles, and Denise DeTrano, worked many hours with DHS and the Governor's office.

Mr. Rosenstein indicated that the legislation will protect \$2 billion in payments, allow the State to continue the Disproportionate Share Hospital (DSH) program, and it brings in \$206 million of new money to the DSH hospitals above the 2004-05 base line. That is about a 10% growth this year in supplemental payments to hospitals. \$140 million of the new money will go to public hospitals, which includes, the five UC hospitals and the large county hospitals, and \$66 million of new funding is for the DSH private hospitals. Mr. Rosenstein further indicated that there will be a change on how public hospitals get paid, and that the formulas will be administrated by DHS.

The State has created a new concept called the Distressed Hospital Fund, which will be about \$16 million of State money, and it will be administrated by CMAC.

In response to Commissioner Hughes question, Mr. Rosenstein indicated that the criteria for the new Distressed Hospital Fund is in the legislation, and it is very general. It includes hospitals that have Medi-Cal Selective Provider Contracting Program (SPCP) contracts negotiated through CMAC, and that are in financial distress.

Mr. Rosenstein indicated that DSH hospitals can be distressed hospitals, and that there is a group of hospitals that will be eligible for the new funding that currently do not meet the criteria for SB 1255 supplemental funding. The State feels that it is a very important program that will allow the Commission to address the needs of hospitals and help keep hospitals open in California.

Mr. Rosenstein noted that CMAC plays an important role with private hospitals for what is commonly called the "SB 1255 supplemental payment program". Currently, those hospitals that are eligible for SB 1255 funds submit a new request every year. The hospitals have said that they want financial stability. The administration stated that they want the Commission to have flexibility do what is best for specific hospitals with the limited SB 1255 funds available. The compromise reached with the legislative staff was that the State would grant hospitals their 2002-03, SB 1255 base line funding. DHS felt that that was a reasonable compromise to lock hospitals in at the 2002-03 funding level to give them stability, yet giving CMAC the discretion over the remaining aggregate total funds.

In response to Commissioner Schenk's inquiry, Mr. Rosenstein stated that the federal government had said that if the State goes to mandatory managed care for seniors and persons with disabilities, they will give the State \$180 million that could be used for hospitals. However, the administration and the legislature decided that the managed care proposal was not ready, and decided at this point it would forfeit \$90 million of the \$180 million amount. The State will continue to work on the project and revisit these issues in January.

Mr. Rosenstein stated that the State has a lot of work to do with the California Health Care Foundation and the advocates, and that the State wants to continue doing this work, as it is very valuable to the State. There is a lot of expansion of managed care that has already been approved and that the State is proceeding with. The public hospitals testified that they did not want the managed care program included in the legislation.

At this time Mr. Rosenstein introduced his assistant Toby Douglas, Assistant Deputy Director, Medi-Cal Operations for DHS. Mr. Rosenstein indicated that Mr. Douglas would be attending the Commission meetings as the DHS representative. He further indicated that Sunni Burns will continue as the Division Chief of Operations for DHS, and that typically the representative to the Commission for DHS is the Assistant Deputy Director.

IV. Medi-Cal Managed Care Activities

Mr. Berger stated that he had no new items to report at this time.

V. New Business/Public Comments/Adjournment

There being no further new business and no additional comments from the public, Chair McFadden recessed the open session. Chair McFadden opened the closed session, and after closed session items were addressed, the closed session was adjourned and the Commission reconvened in open session. Chair McFadden announced that the Commission had taken action on hospital contracts and amendments in closed session. The open session was then adjourned.